



South Carolina General Assembly
115th Session, 2005-2006

Act 397 (2006) - H. 4810

General Appropriations Bill for fiscal year 2006-2007
As Passed by the General Assembly

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PART IB
OPERATION OF STATE GOVERNMENT

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SECTION 72 - X90 - GENERAL PROVISIONS

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72.113. Alternative Fuels and Fuel Efficiency Incentives

(A) Sales tax rebates shall be applied to vehicle purchases as follows.

(1) There shall be a \$300 sales tax rebate for in-state purchases of all Flex-Fuel Vehicles (FFV), capable of operating on E85 motor fuel. The rebate shall be in the form of a payment sent to the buyer upon completion of a form created by the Department of Revenue and made available to the public, dealers, and the Department of Motor Vehicles. Eligible vehicles for each model year are those models identified by the manufacturer as being flexible-fuel vehicles capable of operating on E85 motor fuel. E85 motor fuel is a fuel comprised of eighty-five percent ethanol fuel and fifteen percent gasoline fuel.

(2) There shall be a \$300 sales tax rebate for in-state purchases of all hydrogen fuel cell vehicles. The rebate shall be in the form of a payment sent to the buyer upon completion of a form created by the Department of Revenue and made available to the public, dealers, and the Department of Motor Vehicles. A hydrogen fuel cell vehicle is any vehicle classified by the United States Department of Energy as a hydrogen fuel cell vehicle.

(3) There shall be a \$300 sales tax rebate for in-state purchases of plug-in hybrid gasoline-electric vehicles. The rebate shall be in the form of a payment sent to the buyer upon completion of a form created by the Department of Revenue and made available to the public, dealers, and the Department of Motor Vehicles. A plug-in hybrid gasoline-electric vehicle is a vehicle classified by the United States Department of Energy as a hybrid gasoline-electric vehicle capable of being propelled by both a gasoline-fueled internal combustion engine and an electric motor powered by a battery that can be recharged by being plugged into an external source of electricity.

(4) There shall be a sales tax rebate of up to \$500 for purchase of equipment that results in the conversion of a conventional hybrid gasoline-electric vehicle to a plug-in hybrid gasoline-electric vehicle. The rebate shall be in the form of a payment sent to the buyer upon completion of a form created by the Department of Revenue and made available to the public and dealers.

(B) Incentive payments for alternative fuel purchases shall be provided as follows.

(1) There shall be a five cents incentive payment to the retailer for each gallon of E85 fuel sold, provided that the E85 fuel is subject to the South Carolina motor fuel tax and the price of the E85 fuel is at least five cents lower than the price of the lowest selling non-E85 gasoline fuel being sold at the same retail facility. The payment shall be made to the retailer upon compliance with verification procedures set forth by the Department of Agriculture.

(2) There shall be a five cents incentive payment to the retailer for each gallon of B20 fuel sold, provided that the B20 fuel is subject to the South Carolina motor fuel tax and the price of the B20 fuel is at least five cents lower than the price of the lowest selling non-B20 diesel fuel being sold at the same retail facility. B20 fuel is a fuel that is twenty percent biodiesel fuel and eighty percent petroleum-based diesel fuel. Biodiesel fuel is a fuel for motor vehicle diesel engines comprised of vegetable oils or animal fats and meeting the specifications of ASTM (American Society of Testing and Materials) D 5761. The payment shall be made to the retailer upon compliance with verification procedures set forth by the Department of Agriculture.

(3) There shall be a five cents incentive payment to the retailer or wholesaler for each gallon of B20 fuel sold as dyed diesel fuel for "off road" uses, provided the price of the B20 dyed fuel is at least five cents lower than the price the lowest selling non-B20 dyed diesel fuel. The payment shall be made to the retailer upon compliance with verification procedures set forth by the Department of Agriculture.

(C) The following income tax credits shall apply to taxes imposed by Sections 12-6-510 and 12-6-530 of the 1976 Code for tax years beginning after December 31, 2005.

(1) There shall be a business or personal income tax credit of twenty cents for each gallon of biodiesel motor fuel produced mostly from soybean oil and sold, up to a maximum of three million gallons per year from each facility, for a maximum of five years for each facility. Credits are available for not more than one facility in each county in any calendar year, with priority given to the first facility in a county that produces biodiesel motor fuel using soybean oil as the feedstock. Credits are available to individuals or businesses producing motor fuel mostly from soybean oil for internal use without regard to the per county limitation. This credit may be

carried forward for up to three years. The payment shall be made upon compliance with verification procedures set forth by the Department of Agriculture.

(2) There shall be a business or personal income tax credit of thirty cents for each gallon of biodiesel motor fuel a majority of which is produced from feedstock other than soybean oil and sold, up to a maximum of three million gallons per year, for a maximum of five years. Credits are available for not more than one facility in each county in any calendar year, with priority given to the first facility in a county that produces biodiesel motor fuel using a feedstock other than soybean oil. Credits are available to individuals or businesses producing biodiesel motor fuel for internal use, a majority of which is derived from feedstock other than soybean oil, without regard to the per county limitation. This credit may be carried forward for up to three years. The payment shall be made upon compliance with verification procedures set forth by the Department of Agriculture.

(D) The Department of Revenue may prescribe forms, procedures, issue policy documents and distribute funds as necessary to ensure the orderly and timely implementation of the provisions herein. The Department of Revenue shall coordinate with the Department of Agriculture as necessary.

(E) There is hereby established the Strategic and Tactical Research on Energy Independence Commission (STREIC) for the purposes of evaluating the effectiveness of this proviso, and considering other proposals to enhance the economy of the State and to reduce the adverse consequences of South Carolina's overdependence on petroleum products as fuel for motor vehicles. The commission will receive information from a broad spectrum of interested, affected, and knowledgeable parties, and will submit recommendations to the General Assembly, the Governor and the Budget and Control Board no later than January 15, 2007. The commission shall consist of seven members. One member shall be appointed by the Speaker of the House of Representatives, one member shall be appointed by the Speaker Pro Tempore of the Senate, one member shall be appointed by the Chairman of the House Ways and Means Committee, one member shall be appointed by the Chairman of the Senate Finance Committee, and one member shall be appointed by the Governor. There shall be two ex officio members: the Commissioner of Agriculture or his designee, and the Director of the South Carolina Institute for Energy Studies, who shall serve as Chairman. When on business of the council, members shall be entitled to receive such compensation as provided by law for members of boards and commissions. Staff support for the commission shall be provided by the State Energy Office of the Budget and Control Board.